Week In Review

December 3, 2025

Today: What does 2026 portend?

Portfolio Pilot – an AI-powered portfolio analyzer

Today's polling question: How confident or fearful are you of the stock market?

David Toms

Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

OLLI-GMU Investment Forum

Economic Commentary

Big holiday season coming up

- Fed rate cut is priced in: 80% probability of a cut (WSJ)
- Retail sales up 0.1% in November - 6th month in a row
- Delinquency rate on credit cards at 2.85%, elevated but decreasing. Long term average is 2.4%
- Very strong holiday sales season is projected
- Money market funds have climbed to $8T (Bloomberg)
- Oil production exceeds demand by 1.3M bpd, and rising
    - Price could drop from $59 to $30 by 2027 (JPM)
    - Gas price dropped to $2.99 nationally
- China manufacturing shrank 8th month in arow (Reuters)
- European economy rebounding
    - Reduced regulation
    - Inflation declining toward 2%
    - Record job creation in 2025 amid low unemployment
- Japan may raise interest rates to 0.5%
    - Bond market kerfuffle

Major Economy Interest Rates

The New World Order

China's rates were the highest of the major economies. Now they're the lowest

10-Year Bund Yield · 10-Year Treasury Yield · 10-Year JGB Yield · 10-Year China Yield

Chart showing yields for above since 2021

Market commentary

- Worst November for S&P500 since 2008;
- Tax loss harvesting in progress
- Crypto crash likely causing margin calls; and sales of stocks
- Biotech is taking off: see XBI. Up 32% YTD
- Bitcoin has fallen drastically from 123K to 85K in 7 weeks
- Strong Q3 earnings results from Nvidia, Walmart, GM, Amazon, Apple, Best Buy, Visa, McDonalds, Cruise lines
- Target, Home Depot struggling; Disney flat
- New Prediction Markets are creating concern
  - Draft Kings, FanDuel, Kalshi, Polymarket, etc
  - 25% of bettors are defaulting (US News)
  - Schwab and BofA issued warnings to lenders
- VIX: declined to 17: neutral
- CNN fear gauge: 24: extreme fear
- AAI investor sentiment: 32% bullish; 43% bearish

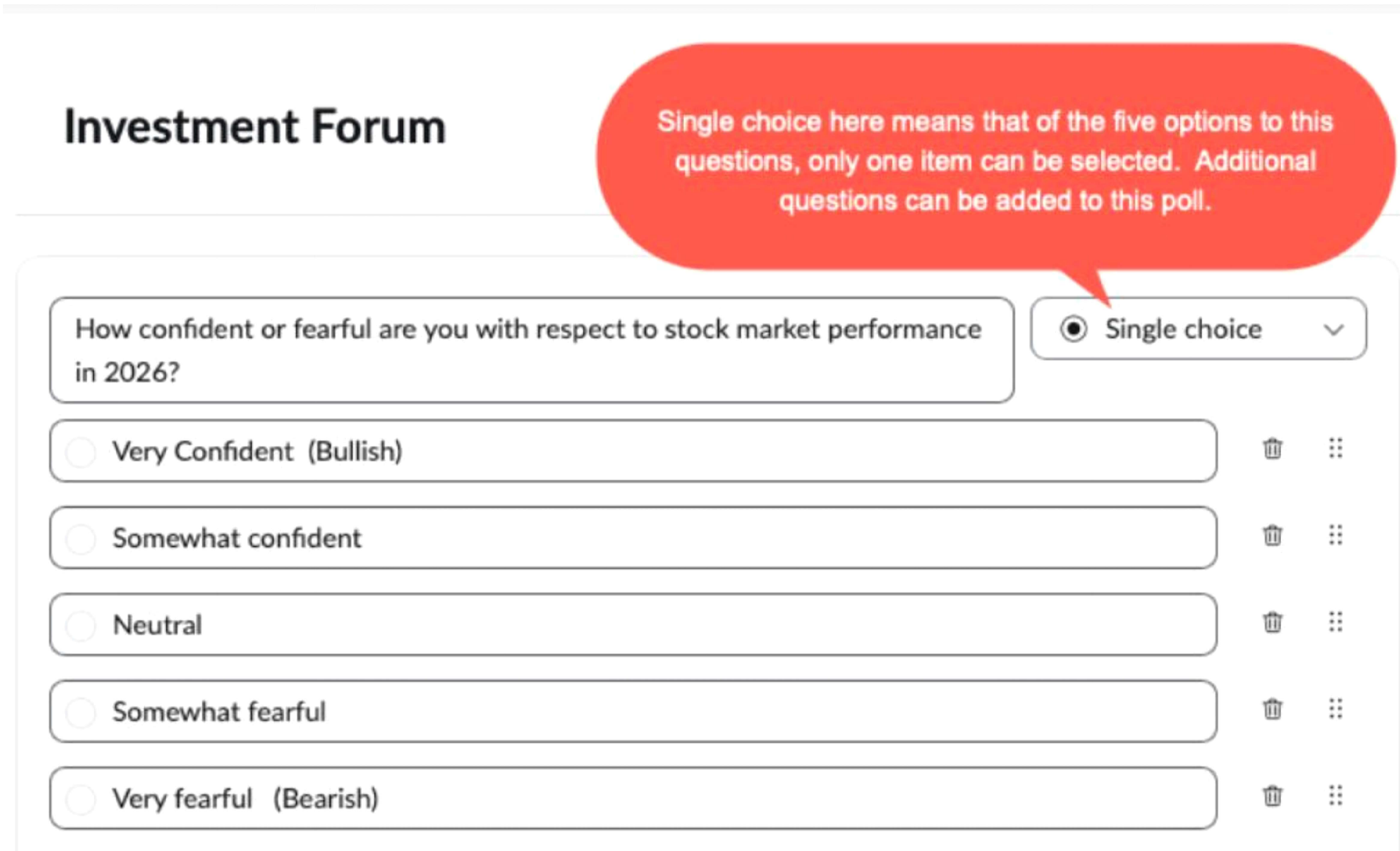
2026 Forecasts by Asset Class

2026 Predictions for S&P500. (Presently 6830)

Don’t bet the house on it

- JP Morgan: 8000+
- Goldman Sachs: 6% (7250)
- Deutsch Bank: 8000
- HSBC: 7500
- Wells Fargo: 7800
- UBS: 7500
- Morgan Stanley: 7700
- Barclays: 7400
- RBC: 7750
- BofA: 7100
  - International stocks will do best

Let’s run the poll



Nvidia update – buy the dip?

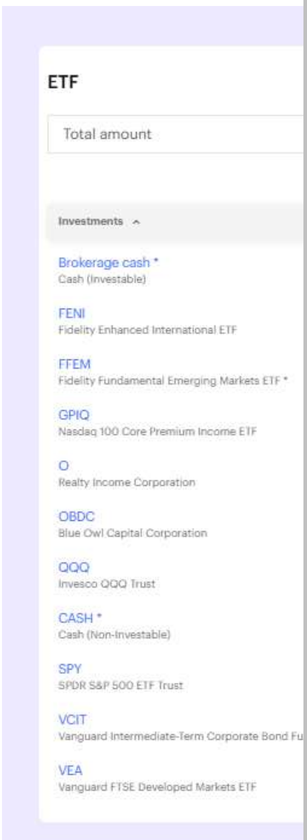
- Outstanding Q3; raised guidance
- Forward PE: 24
- PEG: 0.75
- Short interest: <1%

Nvidia
Price performance
and
Statistics

Portfolio Pilot – an AI-powered tool (free)

www.portfoliopilot.com

Sample portfolio



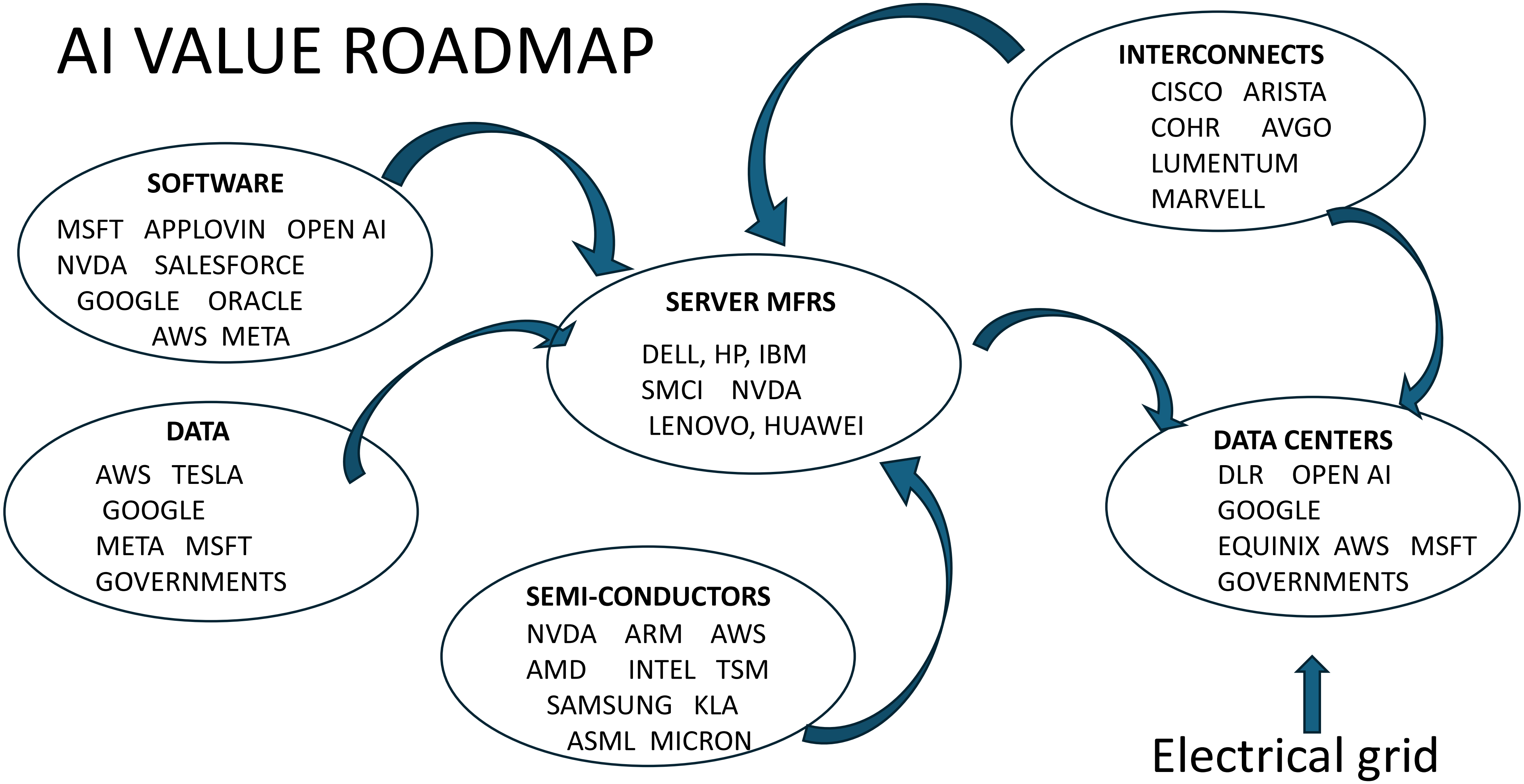
Suggest Portfolio

Display Statistics resulting from Suggested Porfolio

Now what?

- December 10 Fed interest rate cut is likely
- **US economy is strong but….with** uncertainty
  - Consumer spending is strong but with low confidence, nervousness
  - K-shaped consumer profile
- Labor market is clearly weakening – data still missing
- Tariff effects minimal and sector-dependent
  - Supreme Court to rule on tariff legality soon
- Stock market is very expensive, fragile
  - AI rebalancing in progress plus crypto crash, tax loss harvesting
  - Protect yourself with automated stop loss orders; or put options as insurance
  - Diversify!

AI VALUE ROADMAP



By 2030, AI alone is projected to contribute more than $15 trillion to the global economy. (SIA)